



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

Valley Regional Fire Authority

King County

For the period January 1, 2013 through December 31, 2013

Published December 29, 2014

Report No. 1013312





Washington State Auditor
Troy Kelley

December 29, 2014

Board of Commissioners
Valley Regional Fire Authority
Auburn, Washington

Report on Financial Statements

Please find attached our report on Valley Regional Fire Authority's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Valley Regional Fire Authority
King County
January 1, 2013 through December 31, 2013**

Board of Commissioners
Valley Regional Fire Authority
Auburn, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Valley Regional Fire Authority, King County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 12, 2014.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 12, 2014

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Valley Regional Fire Authority King County January 1, 2013 through December 31, 2013

Board of Commissioners
Valley Regional Fire Authority
Auburn, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Valley Regional Fire Authority, King County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Valley Regional Fire Authority has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Valley Regional Fire Authority, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Valley Regional Fire Authority, as of December 31, 2013, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

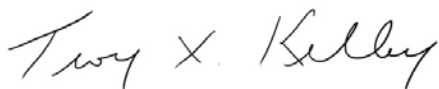
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 12, 2014

FINANCIAL SECTION

**Valley Regional Fire Authority
King County
January 1, 2013 through December 31, 2013**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
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SUPPLEMENTARY AND OTHER INFORMATION

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FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 Current Expense	201 Debt Service	301 Capital Project
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	842,099	842,099	0	0
30880	Beg Fund Bal-Unreserved	7,372,969	6,524,965	103,350	744,654
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	9,301,574	7,727,865	1,573,709	0
320	Licenses & Permits	211,397	211,397	0	0
330	Intergovernmental Revenues	1,403,660	1,353,660	0	50,000
340	Charges for Goods and Services	10,124,848	10,124,848	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	52,319	50,825	404	1,090
Total Operating Revenues:		21,093,798	19,468,595	1,574,113	51,090
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	18,742,378	18,695,932	0	46,446
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		18,742,378	18,695,932		46,446
Net Operating Increase (Decrease):		2,351,420	772,663	1,574,113	4,644
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	292,431	292,431	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		292,431	292,431		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	258,394	258,394	0	0
591-593	Debt Service	1,629,363	0	1,629,363	0
594-595	Capital Expenditures	900,526	900,526	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		2,788,283	1,158,920	1,629,363	
Increase (Decrease) in Cash and Investments		-144,432	-93,826	-55,250	4,644
Ending Cash and Investments					
50810	End Fund Bal-Reserved	512,000	512,000	0	0
50880	End Fund Balance-Unreserved	7,558,636	6,761,237	48,099	749,300

The accompanying notes are an integral part of this Statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Valley Regional Fire Authority (VRFA) is a special purpose government that provides first responder fire and emergency medical services to the residents of the Cities of Algona, Auburn, and Pacific and is supported primarily through property taxes and a fire benefit service charge. The VRFA was incorporated on January 1, 2007 and operates under RCW 52.26 and other laws of the state of Washington applicable to regional fire authorities.

a. Fund Accounting

The accounts of the VRFA are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The VRFA's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the VRFA:

General (Current Expense) Fund (001)

This fund is the primary operating fund of the VRFA. It accounts for financial resources except those required or elected to be accounted for in another fund.

Debt Service Fund (201)

This fund accounts for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Fund (301)

This fund accounts for financial resources which are designated for the acquisition or construction of general government capital projects.

b. Basis of Accounting

The VRFA reports its financial activity using the revenue and expenditure classifications, statements and schedules contained in the *Cash Basis Budgeting Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Cash

It is the VRFA's policy to deposit into an interest generating account, temporary cash surpluses, utilizing the State of Washington Local Government Investment Pool for this purpose. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments. Due to the low interest rate environment of 2013, transfers between the VRFA operating bank account and the investment pool were decreased because the cost of electronically wiring funds into the pool could exceed the investment return obtained.

Cash totaling \$57,114 on December 31, 2013 was deposited in assignment accounts to meet the bonding requirements of local jurisdictions in relation to fire station construction projects. It is anticipated that these funds will be unassigned and available for use during 2014.

d. Deposits

The VRFA's deposits are held in its checking accounts with Valley Bank and the Bank of America. The Federal Deposit Insurance Corporation (FDIC) insures the VRFA's deposits up to \$250,000 per account. The Washington Public Deposit Protection Commission (WPDPC) insures amounts over the FDIC limit.

e. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capital assets of the VRFA are recorded as expenditures when purchased.

f. Compensated Absences and Post Employment Benefits

VRFA employees accrue vacation leave at a variable rate based on years of service. In general, employees are allowed to accumulate vacation leave up to what would be earned in two years of employment.

Sick leave may accumulate up to 960 hours for day-shift employees and 1,300 hours for twenty-four hour shift employees. Sick leave accumulations over these hours are paid annually at a rate of 25% of the equivalent day-shift accumulation over 960 and 1,300 hours respectively. Upon termination, VRFA employees have varied sick leave payout options. The accrued value of vacation and sick leave balances on December 31, 2013 is \$1,860,403.

In addition to pension benefits described in Note 6, the City of Auburn provides post-retirement benefits, in accordance with state statutes, to all LEOFF 1 retirees of the VRFA. The City provides long-term care, medical insurance, and reimburses all validated claims for medical, dental and hospitalization costs incurred by retirees.

g. Reserved Fund Balance

The Board of Governance has designated a certain portion of the ending fund balance to be utilized for future capital equipment replacement costs. On December 31, 2013, the balance of designated fund balance for this purpose totaled \$512,000.

NOTE 2 – BUDGETS

The VRFA adopts annual appropriated budgets for three funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as use for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund	Final Appropriated Amount	Actual Expenditures	Variance
Current Expense	\$ 20,902,162	\$ 19,596,605	\$(1,305,557)
Debt Service	1,629,323	1,629,363	0
Capital Projects	868,655	46,446	(822,209)

NOTE 3 – PROPERTY TAXES AND FIRE BENEFIT SERVICE CHARGE

The King and Pierce County Treasurers act as agents to collect property tax levies and fire benefit service charges for all taxing authorities including the VRFA. King County distributes collections daily, and Pierce County distributes collections on the 10th of the month for the prior month's receipts.

Property tax and fire benefit service charge (FBSC) revenues are recognized when received by the VRFA. Delinquent taxes and FBSC are considered to be fully collectible because a lien affixes to the property after taxes are levied.

The VRFA's assessed valuation for its regular property tax levy and excess property tax levy for its 2008 UTGO bonds (see note 5) is:

Levy Certification Date	Tax Collection Year	Assessed Valuation
11/28/2012	2013	\$7,780,637,029
11/22/2011	2012	8,097,597,716

The VRFA's levy rates are:

Tax Collection Year	Levy Rate (Dollars per \$1,000 of Assessed Value)		
	Regular	Excess (see note 5)	Total
2013	\$1.00	\$0.205	\$1.205
2012	1.00	0.188	1.188

The property tax amounts levied and collected are:

Tax Collection Year	Regular Tax Levy	Excess Tax Levy (see note 5)	Total Tax Levy	Amount Collected in Levy Year	Percent Collected in Levy Year
2013	\$7,780,637	\$1,583,000	\$9,363,637	\$ 9,301,574	99.34%
2012	8,097,642	1,519,000	9,616,642	9,589,493	99.72%

The FBSC applied and collected is:

FBSC Collection Year	Amount Charged	Amount Collected during the year	Percent Collected during the Year
2013	\$9,744,708	\$9,607,994	98.60%
2012	9,324,882	9,326,237	100.01%

NOTE 4 – INVESTMENTS

The VRFA's investment of surplus cash is held in the State of Washington's Local Government Investment Pool (LGIP) in the VRFA's name.

Investments are presented at fair market value.

Investments by fund at December 31, 2013 are as follows:

<u>Type of Investment</u>	<u>Total</u>
LGIP – General Fund	\$1,697,291
LGIP – Debt Service Fund	543,391
LGIP – Capital Projects Fund	<u>688,632.</u>
TOTAL	<u>\$2,929,314</u>

NOTE 5 – DEBT SERVICE REQUIREMENTS

A special election was held on February 19, 2008 where the qualified electors of the Authority ratified the proposition to issue bonds in the manner described in VRFA Board of Governance Resolution No. 33 with the proceeds to be used to pay the cost of the VRFA's Capital Facilities Plan. In addition, the voters authorized the levy of excess property taxes to pay and retire the bonds. As a result, on July 24, 2008, the VRFA issued \$19.8 million of Unlimited Tax General Obligation Bonds.

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the VRFA and summarizes the VRFA's debt transactions for the year ended December 31, 2013.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

Year	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2014	1,629,613	-	-	1,629,613
2015	1,630,013	-	-	1,630,013
2016	1,625,513	-	-	1,625,513
2017	1,628,700	-	-	1,628,700
2018	1,625,338	-	-	1,625,338
2019 - 2023	8,136,875	-	-	8,136,875
2024 - 2027	6,508,750	-	-	6,508,750
TOTALS	<u>\$ 22,784,802</u>	<u>-</u>	<u>-</u>	<u>\$ 22,784,802</u>

The balances of outstanding Voted and Non-Voted General Obligation Debt are:

As of Year Ended	2008 UTGO Bonds	Other Non-Voted Debt	Total Debt Outstanding
12/31/2013	\$16,360,000	-	\$16,360,000
12/31/2012	17,210,000	-	17,210,000

NOTE 6 - PENSION PLANS

Substantially all VRFA full-time and qualifying part-time employees participate in the LEOFF 2 and PERS 2 plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the VRFA's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of the report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1

Upon formation of the VRFA, The City of Auburn retained liability for LEOFF 1 pension and other post-employment benefits for all members of the former Auburn Fire Department as of December 31, 2006 who continued employment with the VRFA. Contributions and liabilities for LEOFF 1 members are obligations of the City of Auburn. There were no LEOFF 1 members from the former Pacific Fire Department that were employed by the VRFA.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

Retiree Medical Benefit

VRFA Board of Governance Resolution Number 86 provides for a fixed monthly amount of \$440 to be paid to non-LEOFF 1 retirees for purposes of post-retirement medical expenditures. The benefit is limited to five retirees per year and ends upon the earlier of twelve years, eligibility for Medicare or death of the retiree. During 2013, payments totaling \$32,560 were made under this benefit.

NOTE 8 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the VRFA.

NOTE 9 – RELATED PARTY TRANSACTIONS

In 2013, the VRFA contracted with the City of Auburn for certain geographic information service (GIS) support. Amounts paid to the City of Auburn for this service totaled \$24,288 in 2013.

In addition, during 2013, the City of Auburn collected Fire Impact and Mitigation Fees on behalf of the VRFA. Amounts totaling \$50,000 were transferred to the VRFA from the City of Auburn representing the VRFA's share of this revenue.

As outlined in Note 6, the City of Auburn is responsible for the liability for retired and active LEOFF 1 personnel of its former fire department to include medical and long-term care insurance payments and any other expenses incurred in accordance with the City of Auburn LEOFF 1 Policies and Procedures.

NOTE 10 – CONTINGENCIES AND LITIGATION

During 2013, two claims were filed against the VRFA related to emergency medical services provided. The outcome of these claims, while not presently determinable, is not likely to have a material effect on the financial position of the VRFA.

NOTE 11 – RISK MANAGEMENT AND SELF-INSURANCE

The VRFA is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 153 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, fire, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

No settlement exceeded insurance coverage during 2013.

In accordance with Title 50 RCW, the VRFA is self-insured for purposes of Unemployment Compensation. There were no unemployment compensation liabilities or payments in 2013.

Title 51 RCW requires the VRFA to ensure payment of benefits for job-related injuries and diseases through the Workers' Compensation fund or through self-insurance. The VRFA participates in the State of Washington's Workers' Compensation program. Premiums are based on individual employer's reported payroll hours and insurance rates based on each employer's risk classification and past experience. The premium is paid by employer and employee contributions.

Valley Regional Fire Authority

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.12	Voter approved GO Bonds	12/1/2017	17,210,000	0	850,000	16,360,000
	259.11	Compensated Abscences		1,901,772	0	41,369	1,860,403
		Total General Obligations:		19,111,772	0	891,369	18,220,403
		Total Liabilities:		19,111,772	0	891,369	18,220,403

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov